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Ms. Lila Karbassi,  
Science Based Targets Initiative.

25th October 2022

**Re: science community concerns over SBTi approach**

Dear Ms Karbassi,

As the scientific community we, like you, believe that we must urgently increase ambition in the fight against climate change. As emissions rise, so too do the rates of corporate commitments to net zero. We are therefore supportive of an independent target-setting framework, rooted in best scientific practice, to validate the decarbonization plans of the private sector. Such a programme could differentiate real climate change mitigation from greenwash, drive ambition and send clear signals to markets and governments.

We believe that whilst SBTi aspires to fulfil this function, its current approach to target setting and validation is critically flawed. First, the methods that SBTi has adopted for target setting involve significant risks. Both the absolute emissions contraction approach and the sectoral decarbonization approach that SBTi uses rely on future emissions pathways that are expected to achieve desired global temperature goals at the end of the century. This essentially means that 2030 or 2050 targets set using these methods assume a temporary overshoot of temperature targets, de facto relying on the unspecified need for net negative emissions in the second half of the century. Such net-negative emissions look speculative at this point and there is no way to guarantee that companies would actually follow through on them, which means that this method is not compatible with achieving 1.5 or 2°C targets. Because any temperature overshoot comes with irreversible climate impacts and the subsequent reversal of temperatures cannot in fact be guaranteed, a far more preferable method would be to specify targets that align with a sectoral carbon budget and therefore entirely avoid a reliance on overshoot and unspecified net negative emissions<sup>1</sup>.

Second, SBTi's approach does not appear to ensure sufficient scrutiny of the self-reported greenhouse gas (GHG) data submitted by reporting companies. SBTi must clearly outline by sector guidance what steps it takes to independently assess the accuracy of the baseline year data itself or subsequent reported data. Without robust checks, there is ample opportunity for companies to submit flawed data that misrepresents their GHG inventory.

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<sup>1</sup> Hadziosmanovic, M., S.M. Lloyd, A. Bjørn, et al. (2022) 'Using cumulative carbon budgets and corporate carbon disclosure to inform ambitious corporate emissions targets and long-term mitigation pathways'. *Journal of Industrial Ecology*: 1–13

While granular independent verification isn't provided by SBTi, it also does not require reporting companies to make detailed GHG inventory data public, which would allow external reviewers to search for major anomalies. Without such transparency, climate mitigation claims are effectively inscrutable, and not aligned with a 'science-based' approach.

SBTi is widely used by reporting companies to demonstrate to markets that they are aligned with the Paris Climate Agreement and effectively mitigating climate risk to their business. SBTi [claims](#) its targets "boost profitability, improve investor confidence, reduce regulatory uncertainty and strengthen brand reputation". SBTi [reports](#) that companies representing more than a third of the global economy in market cap equal to \$38 trillion have signed up. However, the weaknesses related to unverified, opaque self-reporting also risk delaying climate action and hampering the market's ability to reorient capital flows to meet climate goals.

SBTi [states](#) that it is currently developing its Monitoring, Reporting and Verification (MRV) to "*increase transparency and accountability of corporate climate action*", to be finalized ahead of COP28 in 2023. This presents SBTi with an opportunity to make critical changes to improve its integrity and credibility.

We are calling on SBTi to stand up for robust, scientific principles to fulfil its aims and ensure the integrity of the initiative by:

1. Adopting a carbon budget approach to target-setting, thereby moving away from an unspecified yet risky reliance on pathways that rely on temperature overshoot and net-negative emissions.
2. Strengthening scrutiny of baseline year data, commissioning independent experts to assess plausibility
3. Mandating reporting companies to publish detailed data from their GHG inventories to enable third parties to interrogate the data
4. Developing a grievance/whistleblowing mechanism to flag reporting failures and inaccuracies
5. Developing a robust and transparent policy to sanction companies that have mis-reported GHG data to SBTi. This should include disassociating them if the mis-reporting is deemed deliberate
6. Contractually prohibiting companies that do not yet have validated targets from abusing their "committed" status with SBTi in their corporate communications

We look forward to hearing how you will be addressing these concerns.

Yours Sincerely,

Wim Carton, Associate Professor, Lund University Centre for Sustainability Studies

Doreen Stabinsky, Professor of Global Environmental Politics, College of the Atlantic

Simon Lewis, Professor of Global Change Science, University College London

Kirstine Lund Christiansen, PhD Fellow, University of Copenhagen

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